

**Testimony in Support of  
S.B. 776 An Act Concerning a State-Wide Property Tax on Certain  
Residential Real Property  
H.B. 5673, An Act Concerning the Reformation of Certain Taxes and Tax Equity**

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Chairman Fonfara and Chairwoman Horn, Ranking Members Martin and Cheeseman, and distinguished members of the Finance, Revenue and Bonding Committee:

Thank you for the opportunity to testify today in support of S.B. 776 — An Act Concerning a State-Wide Property Tax on Certain Residential Real Property, and H.B. 5673 — An Act Concerning the Reformation of Certain Taxes and Tax Equity.

In Connecticut, local property taxes play a critical role in funding public schools. Nearly 59 percent of all education funding comes from local sources, and funding local public schools is the most significant cost of most of our state's cities and towns, particularly those with schools with higher needs.

However, a town's ability to financially support its local schools varies significantly across the state. Wealthier, property-rich communities are able to raise more revenue from property taxes with less effort, while less affluent communities have to set higher mill rates to generate the same revenue. This has created a system where it is easier for property-wealthy communities to fund their local public schools than it is for less affluent or economically-disadvantaged communities — creating a mismatch between student needs and resources.

Districts that educate the greatest percentages of high-need students also educate the largest numbers of these students. However, the districts serving these students often do not receive adequate funding that reflects the needs of their student populations. This inequity occurs due to the varying ability of communities in Connecticut to pay local education costs through property tax revenues.

S.B. 776 and H.B. 5673 provide more support to our communities by implementing a statewide property tax, and S.B. 776 specifically proposes using the revenue from the tax to fund education. Research has shown that increased public investment in K-12 education can lead to greater student achievement and outcomes, especially among students in our highest-need school districts. Additionally, increasing student achievement and enhancing educational opportunities for all students has been shown to benefit a state's economy and strengthen its workforce.

Although we support the progressivity of the statewide property tax targeting high-value properties proposed in S.B. 776 and H.B. 5673, implementing this type of tax does not address inequities in resources that still exist in Connecticut's regressive tax structure.<sup>1</sup> Municipalities rely heavily on property taxes to fund their schools, and the uneven distribution of the state's tax base has led to significant disparities among Connecticut towns.

Thank you for the opportunity to testify in support of these important pieces of legislation. Please feel free to reach out to us via the contact information below should you have any questions.

Sincerely,

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### **About the School and State Finance Project**

The School and State Finance Project is a nonpartisan, nonprofit policy organization that works collaboratively with policymakers, communities, and other key stakeholders to develop data-driven solutions that ensure all public school students receive equitable education funding that supports their learning needs.

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<sup>1</sup> Connecticut Voices for Children. (2022). *Just Facts: Making Connecticut's Tax System Fairer Through Tax Reform*. New Haven, CT: Author. Retrieved from <https://ctvoices.org/wp-content/uploads/2022/01/2-Just-Facts-Making-Connecticuts-Tax-System-Fairer-Through-Tax-Reform-.pdf>.